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Latrobe Community Health Service

ANNUAL REPORT 2017-18

vision

Better health, better lifestyles, stronger communities.

We're inspired by a vision of strong, vibrant communities, where people enjoy good health and healthy lifestyles.

purpose

Delivering services that improve the health and social wellbeing of Australians.

values

Providing excellent customer service

Actively assist our customers and clients to receive the quality services they require in a professional and courteous manner.

Always providing a personal best

Embrace a 'can do' attitude and go the extra distance when required.

Creating a successful environment

Contribute to making Latrobe Community Health Service a positive, respectful, innovative and healthy place to be.

Acting with the utmost integrity

Practice the highest ethical standards at all times.

CONTENTS

CHAIR AND CEO'S STATEMENT

WHAT ROLE DO VALUES PLAY IN THE WORKING LIFE OF STAFF AT LATROBE COMMUNITY HEALTH SERVICE? IT IS NOW EXPECTED THAT THE LEADERSHIP AND STAFF OF ANY ORGANISATION WILL ARTICULATE A SET OF VALUES THAT GOVERN HOW THEY OPERATE. LATROBE COMMUNITY HEALTH SERVICE IS NO DIFFERENT IN THAT REGARD.

However it's far rarer to see these values lived out in the day-to-day operations of the businesses in our community. We believe this is where Latrobe Community Health Service distinguishes itself.

Our values don't 'sit on the shelf'. As an organisation we seek to put them into action in practical ways, each and every day. We ask people in job interviews about their alignment with our values. In meetings, we set aside time to highlight staff who exemplify our values. Our staff award winners are chosen because of their consistent application of our values.

At times of growth - like the year that has just gone - our values are our compass, guiding our decision making and driving our performance.

In this regard, our values have served us well. In 2017-18 Latrobe Community Health Service grew substantially. We added more than 400 new staff and 32 new office sites to support our work providing local area coordination for the National Disability Insurance Scheme (NDIS).

It was growth with purpose, underpinned by our values, and our vision of better health, better lifestyles and stronger communities.

2017-18 was also the first year of our new five-year strategic plan. At the start of 2017 we mapped out a plan for the next five years. We got input from a whole range of people, including the board and community members. This annual report is the first to report against the new plan.

Underpinning everything in this plan is a relentless focus on service excellence. This represents a very clear extension of our values into our strategic plan. We must have the experience of our clients foremost in our minds during every single interaction – on the phone, on our website, at reception, while delivering services, while paying accounts, and any other interaction we may have.

To do this, we must be organised in the right way. Our culture, our structure, our processes and our technology must all move us towards excellent customer service. We will have various projects over the coming five years that look at each of those areas.

The new strategic plan makes two key commitments around our future growth. Firstly, we remain firmly committed to the Latrobe Valley, particularly maintaining our head office and our breadth of services in the region.

This is best reflected in the opening of the $6.1m redevelopment of our Churchill site in December 2017.

This investment in the Latrobe Valley provides a range of services for the Churchill community, including a bulk billing GP clinic, dental clinic, dental prosthetics manufacturing, physiotherapy, podiatry and NDIS services - all in a state-of-the-art facility.

We will also continue to grow, both within Victoria and interstate. In developing the strategic plan we were acutely aware it had to be as relevant for staff in Horsham as it is for staff in Morwell. We can do both – we don't have to choose. We are now a truly state-wide organisation.

Another part of the plan worth highlighting is our commitment to making really well-informed business decisions. We'll be looking to make big strides in the quality of the data we collect from clients, and the research we undertake. This will be a great help in improving transparency and making good decisions.

The work of delivering the strategic plan has already begun in earnest. At the time of the last annual report, we had secured six NDIS local area coordination service areas.

"OUR VALUES ARE OUR COMPASS"

As part of the new strategic plan, we set ourselves the goal of securing two more. We're pleased to have succeeded in that goal; Latrobe Community Health Service will provide local area coordination in Southern Melbourne from October 2018 and in Outer Gippsland from January 2019.

As an organisation, we are also seeking to increase the number of older people we help through the provision of home care packages. We offer aged care services throughout metropolitan and regional Victoria. In 2017-18 our overall number of home care package clients increased by 47 percent. We feel strongly there is further potential growth in this area, and this is reflected in the new strategic plan.

The membership of the Latrobe Community Health Service Board changed during 2017-18, as we said farewell to Peter Starkey. Peter was on the board for more than four years and made a considerable contribution, serving on the Board Quality and Safety Committee and the Governance Committee.

In turn, we welcome Placido Cali and Joanne Booth, who will bring fresh ideas and perspectives, and challenge the organisation to continue to improve.

While our vision and values remain at the core of our identity, setting out in pursuit of the new goals in the new strategic plan is an invigorating challenge. Of particular comfort to us as we start that journey is the knowledge we have a talented, committed staff.

We deeply appreciate their work over the past financial year, and we look forward to sharing the pursuit of better health and better lifestyles in the communities where we work.

Ben Leigh
Chief Executive Officer

Mark Biggs
Chairman

FINANCIAL SUMMARY

LATROBE COMMUNITY HEALTH SERVICE DELIVERED A NET SURPLUS OF $12.5 MILLION AND RETAINED A STRONG FINANCIAL POSITION IN 2017/18.

The financial ratios and cash position remained healthy and within financial strategy benchmarks during the year.

OPERATING RESULTS

Our operating result for the year, excluding capital income, was a surplus of $10.0 million. Operating revenue, excluding capital grants, increased by 54.2% to $96.1 million.

Commonwealth funding continued to grow and now represents 56.7% of income received.

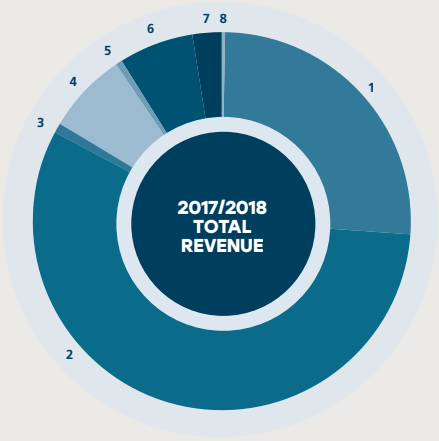
This is primarily the result of National Disability Insurance Scheme (NDIS) funding for 2017/18 which has increased to $34.9 million (2016/17: $10.1 million). NDIS funding will continue to increase with the successful application for Local Area Coordination services in Southern Melbourne and Outer Gippsland regions due to commence in 2018/19.

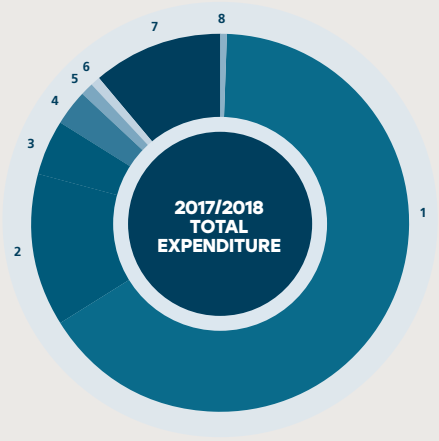
The increase in revenue is accompanied by an increase in operating expenditure of 57.9% ($31.6 million) to $86.1 million.

This was principally due to an increase related to the additional NDIS funding received. Employee benefits expense showed the largest increase with an additional $25.1m spent during 2017/18.

NET RESULTS

After taking into consideration capital grants (primarily related to the Churchill site redevelopment), Latrobe Community Health Service's overall net result for the 2017/18 financial year was a surplus of $12.5 million.





1. Department of Health and Human Services **25.9%**
2. Commonwealth Government **56.7%**
3. Other **0.8%**
4. Client fees **6.9%**
5. Interest **0.7%**
6. Other government grants **6.2%**
7. Capital grants **2.5%**
8. Rental **0.3%**

1. Employee benefits **65.7%**
2. Brokerage client services **13.1%**
3. Contract labour **4.8%**
4. Depreciation **3.1%**
5. Costs **1.1%**
6. Operating leases **0.8%**
7. Program administration costs **11%**
8. Utilities **0.6%**

**The main components making up 'Program Administration' costs are medical supplies, staff training, information technology, consortium payments and maintenance.*

	2017/18 ($m)	2016/17 ($m)	2015/16 ($m)	2014/15 ($m)	2013/14 ($m)	2012/13 ($m)
NET RESULTS						
What we receive - revenue	96.1	62.4	49.7	44.1	43.6	37.5
What we spent - expenses	86.1	54.5	45.8	41.2	43.9	39.0
Operating result for the year	10.0	7.8	4.0	2.9	(0.3)	(1.6)
Plus capital grants received	2.5	2.0	0.9	1.1	2.4	4.2
Net result for the year	12.5	9.8	4.9	4.0	2.1	2.7

ASSETS AND LIABILITIES

Latrobe Community Health Service's total assets increased by $16.8 million. This consists of an increase in current assets of $12.5 million due mostly to cash held for regular programs that will be completed in future years; these grants have been transferred to reserves. Non-current assets increased by $4.3 million with this primarily relating to ICT equipment purchased for NDIS services and the Churchill building redevelopment. Liabilities increased by $4.2 million due to an increase in the amount held for Home Care Packages unspent funding which is required to be returned if unspent. There is also a large increase in leave provisions with the growth in staff numbers during 2017/18.

	2017/18 ($m)	2016/17 ($m)	2015/16 ($m)	2014/15 ($m)	2013/14 ($m)	2012/13 ($m)
ASSETS AND LIABILITIES						
What we own - assets	68.2	51.4	37.6	31.1	27.0	27.1
What we owe - liabilities	17.7	13.5	9.0	7.4	6.9	9.4
NET ASSETS	**50.4**	**37.9**	**28.5**	**23.7**	**20.1**	**17.8**
Works Capital Ratio						
Current Assets/Current Liabilities	2.54	2.33	2.26	1.93	1.59	1.75
Debt Ratio						
Total Liabilities/Total Assets	26.0%	26.3%	24.0%	23.8%	25.5%	34.5%

	2017/18 ($m)	2016/17 ($m)	2015/16 ($m)	2014/15 ($m)	2013/14 ($m)	2012/13 ($m)
CASH FLOW INCLUDING FINANCIAL ASSETS						
Cash flow from operating activities	16.5	12.3	6.4	6.0	(0.2)	5.4
Cash flow from investing activities	(6.1)	(2.1)	(2.5)	(2.0)	(5.0)	(2.2)
Cash and cash equivalents at beginning of period	25.1	14.8	11.0	7.0	12.3	9.1
Cash and cash equivalents at end of period	35.5	25.1	14.8	11.0	7.0	12.3

BOARD AND GOVERNANCE

LATROBE COMMUNITY HEALTH SERVICE IS INCORPORATED UNDER THE *CORPORATIONS ACT 2001* AS A COMPANY LIMITED BY GUARANTEE AND IS REGULATED BY THE *AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012.*

IT IS ALSO REGISTERED WITH THE VICTORIAN GOVERNMENT AS A COMMUNITY HEALTH CENTRE. IT IS GOVERNED BY A SKILLS-BASED BOARD OF UP TO NINE DIRECTORS WHO ARE ELECTED BY LCHS MEMBERS OR APPOINTED BY THE BOARD.

The work of the board is supported by five board committees:

- Audit and Risk
- Quality and Safety
- Governance
- Nominations
- Community Investment

BOARD AUDIT AND RISK COMMITTEE

The purpose of the Board Audit and Risk Committee is to assist the Latrobe Community Health Service Board to discharge its responsibility to exercise due care, diligence and skill.

The terms of reference relate to:

- Reporting financial information to users of financial reports
- Applying accounting policies
- The independence of Latrobe Community Health Service's external auditors
- The effectiveness of the internal and external audit functions
- Financial management
- Internal control systems
- Risk management
- Organisational performance management
- Latrobe Community Health Service business policies and practices
- Complying with Latrobe Community Health Service's constitutional documentation and material contracts
- Complying with applicable laws and regulations, standards and best practice guidelines.

The committee includes two independent representatives:

Ron Gowland

Dip Management, FCPA,
Economics Degree

Appointed February 2012.

Ron is semi-retired, is a Fellow of CPA Australia and is a director of public accounting practice Latrobe Business Solutions Pty Ltd.

Ron is a former Chair of Gippsland Water and Latrobe City audit committees. He has substantial experience in the finance sector spanning 50 years.

Maria Dalton

B. Bus, Masters of Risk Management, GAICD, Dip Superannuation, Dip Insurance (Life), CCP (Fellow), CPRM, FASFA, ANZIIF (Fellow)

Appointed September 2016.

Maria has worked in financial services for 30 years, specialising in superannuation, investments and life insurance. Her roles have included portfolio administration, regulatory affairs, compliance and risk management. Over the last 20 years, Maria has been the Chief Risk & Compliance Officer (or equivalent) in some of the country's largest superannuation funds and wealth management companies. Most recently Maria has been a consultant to health insurers.

Maria has worked for Marsh Mercer, MLC/NAB, AMP, Suncorp, Financial Synergy, Mellon, Plum Financial Services, QSuper and Sargon Capital and has been on several board audit and risk committees.

BOARD QUALITY AND SAFETY COMMITTEE

The purpose of the Board Quality and Safety Committee is to assist the Latrobe Community Health Service Board to maintain systems by which the board, managers and clinicians share responsibility and are held accountable for patient or client care, minimising risk to consumers and continuously monitoring and improving the quality of clinical care (Australian Council on Healthcare Standards).

The committee also ensures Latrobe Community Health Service's quality and safety systems will support the implementation of the four key principles of clinical governance, which are:

- Build a culture of trust and honesty through open disclosure in partnership with consumers and community.
- Foster organisational commitment to continuous improvement.
- Establish rigorous monitoring, reporting and response systems.
- Evaluate and respond to key aspects of organisational performance.

The Quality and Safety Committee is informed by the work of two staff committees:

- Occupational Health and Safety Committee.
- Clinical Governance Advisory Committee.

The committee includes two consumer representatives:

Allison Higgins

Bachelor of Arts (Communications)

Appointed August 2009.

Allison has cerebral palsy and requires the use of a mobility aid and paid personal care supports. She has a keen interest in disability advocacy and is actively involved in the management of her care in order to be as independent as possible. As a client receiving care and support services, Allison is able to draw on her personal experiences within the healthcare system and provide her valuable insights to the Board Quality and Safety Committee.

Rosemary Parker

Fellow of the Australian College of Midwives, Registered Nurse and Midwife, Cert. IV Workplace Training and Assessment

Appointed September 2017.

Rosemary has extensive experience in the health industry including involvement with quality, governance and education. Also as a client of LCHS and user of services in the healthcare system, Rosemary has a broad understanding of patient/client needs to bring to the Board Quality and Safety Committee.

BOARD GOVERNANCE COMMITTEE

The role of the Board Governance Committee is to assist and advise the board to fulfil its responsibilities to the members of Latrobe Community Health Service on:

- Matters relating to the composition, structure and operation of the board and its committees
- Matters relating to CEO selection and performance
- Remuneration
- Other matters as required by the board.

The Board Governance Committee is not a policy-making body, but assists the board by implementing board policy and recommending nominations that require board approval.

BOARD NOMINATIONS COMMITTEE

The board established a Board Nominations Committee to provide advice and recommendations to the board on specified matters as set out in the LCHS Constitution. These include conducting searches for board directors, reviewing elected and appointed nominations for validity, providing advice to the board on the prevailing skills matrix and consulting with the board regarding preferred candidates.

The committee includes one independent member:

Angela Hutson

FAICD, B. Arts, Masters Organisational Leadership, Dip Frontline Management, Dip Education, Grad. Dip Business in Entrepreneurship and Innovation, Grad. Dip Enterprise Management

Appointed June 2017.

Angela is the Board Chair of Bairnsdale Regional Health Service and has previously been an inaugural Board Member of VET Development Centre and has served as Board Chair. Angela is familiar with, and has experience in, establishing skills matrices and developing skills profiles, the recruitment and shortlisting process, and has a strong background in governance and executive leadership.

BOARD COMMUNITY INVESTMENT COMMITTEE

The Board Community Investment Committee is responsible for overseeing the LCHS Community Grants program, which is funded by the LCHS Community Capital Investment Fund dividend as set by the board annually.

As part of undertaking an annual grants program, the Board Community Investment Committee will develop grant guidelines, assessment criteria, recommend projects to the board for funding and monitor the progress of projects and report this to the board.

BOARD OF DIRECTORS

Mark Biggs
Board Chairperson

BA (SocSci), Grad Dip Counselling Psychology

Board Director since February 2014, Board Chairperson since October 2016, Member of the Board Governance Committee.

Mark has an extensive management career in the primary health and community services sector including child protection, youth, disability, occupational rehabilitation and project management. He has expertise in strategic planning, policy, risk and business management.

Mark is currently on the board of the Gippsland Primary Health Network and a member of the Audit Committee. Mark was a board director of Latrobe Regional Hospital for nine years holding positions as Deputy Chair and Audit Chair. Mark is skilled in the area of governance, quality assurance and compliance.

Peter Wallace
Deputy Board Chairperson

BBus (Marketing), Post Graduate Diploma (Health Services Management), Master of Administration

Board Director since January 2007, Member of the Board Audit & Risk Committee and Board Governance Committee.

Peter's previous appointments include Director of Corporate Services at Latrobe Regional Hospital, Chief Executive Officer at Maroondah Hospital, Deputy Chief Executive Officer at Box Hill Hospital and Director of General Services at Monash Medical Centre.

Peter has also undertaken project and consulting assignments at Mercy Health and Aged Care, Royal Children's Hospital, Barwon Health, Dental Health Services Victoria and Department of Health. Peter completed the Australian Institute of Company Directors' company directors course in 2011.

Joanne Booth
Board Director

Grad Cert Internal Audit, GAICD, Master of Public Health, Grad Dip Occupational Health Practice, B. Arts, Advanced Certificate in Nursing, Cert Governing Non-Profit Excellence

Board Director since November 2017. Member of the Board Quality & Safety Committee and Board Nominations Committee.

Joanne is committed to improving health and social outcomes for disadvantaged people and communities. Joanne has a background in public health and policy and has worked extensively in the health, public and not-for-profit sectors, and operates a governance and risk management consultancy.

Joanne currently serves as the Board Chair of the East Gippsland Region Water Corporation, Independent Chair of the Nominations Committee Western Victoria Primary Health Network, Independent Member of the VicHealth Finance, Audit & Risk Committee and Independent Member of the Latrobe City Council Audit Committee.

John Guy, OAM JP
Board Director

JP Grad. Dip. P.A.

Board Director since September 1997, Board Chairperson 2002-04 and 2008-October 2016, Chair of the Board Governance Committee.

John spent 35 years with the State Electricity Commission of Victoria, six years on the Morwell Shire/City Council; (three consecutive years as Mayor); was Chairman of the Latrobe Regional Commission and Chairman of Commissioners of Wellington Shire during the amalgamation process.

He is a Justice of the Peace, President of the Central Gippsland Branch of the Justice Association, a volunteer with the Office of the Public Advocate, Independent Third Person Program and a volunteer with the Youth Referral and Independent Person Program. John is a member of the Hazelwood Mine Fire Recovery Committee and represents Latrobe Community Health Service on the Hazelwood Mine Fire Health Study.

Nathan Voll
Board Director

B Commerce, Grad Cert Bus Mgt, FCPA MBA, FAICD

Board Director since March 2016; Chair of the Board Audit & Risk Committee and member of the Board Community Investment Committee.

Nathan has more than 20 years' experience in the private and public sector in management, consulting and finance/accounting. He is currently the Regional Finance Manager for South East Victoria with the Department of Education and Training. Nathan has previously worked as the General Manager of Corporate Services at the Department of Justice and Regulation.

Nathan has experience in the healthcare sector serving on the Board of Latrobe Health Insurance since 2011 and as a board director of West Gippsland Healthcare Group (WGHG) for six years. He is also the Chair of the Latrobe Health Audit Committee, a former member of the WGHG Audit Committee and Clinical Governance Committee and was previously on the Faculty of Education Board at Monash University. Nathan is a Fellow of CPA Australia (Certified Practising Accountant) and a Fellow of the AICD.

Professor Judi Walker
Board Director

PhD, Grad Dip Ed, BA Hons, FACE & AFACHSE

Board Director since July 2012; Chair of the Board Quality & Safety Committee; Member of the Board Governance Committee and Board Nominations Committee.

Judi Walker is Principal Co-Investigator (Gippsland) of the Hazelwood Health Study, which is investigating the long term health impact of the 2014 Hazelwood Mine Fire in the Latrobe Valley. The study team was awarded the Dean's 2017 Award for Excellence in Research (Economic and Social Impact) at Monash University (Faculty of Medicine, Nursing and Health Sciences) where she is a Professor of Rural Health.

Judi holds Adjunct Professorial positions in both the Faculty of Health at the University of Tasmania and the Faculty of Health at Federation University Australia. She held office as Vice President, Monash Academic Board for four years and has now returned as a member of the board. She is a board member of the Tasmanian Health Service Governing Council.

Placido Cali
Board Director

B. Bus (Accounting), Grad.Dip Business Administration, MAICD, Chartered Accountant ICAA

Board Director since October 2017, Member of the Board Audit & Risk Committee, Board Nominations Committee and Board Community Investment Committee.

Placido has more than 14 years' experience in the areas of finance, strategic development and corporate growth, and is the Chief Financial Officer and company director of Advantage Pharmacy. Placido has helped grow Advantage from servicing 14 pharmacies in Gippsland to an organisation that services more than 300 pharmacies nation-wide.

Peter Starkey
Board Director

Board Director since June 2013, Member of the Board Audit & Risk Committee and Board Governance Committee.

Peter has 20 years of experience in diverse roles that focus on business management in the education and financial services industries. Due to this experience, he has developed leadership, management and communication skills.

Peter has experience in human resources as well as strategic management, continuous quality improvement, risk management and financial management. Peter is also a board member of the Baw Baw Latrobe Learning and Employment Network and is Chairman of Trafalgar and District Financial Services.

*Peter left the Board of Latrobe Community Health Service in October 2017.

Stephen Howe
Board Director

BEng Civil (Hons), FIE Aust CP Eng

Board Director since February 2014; Member of the Board Quality & Safety Committee and Member of the Board Community Investment Committee.

Stephen is Principal, Transport Infrastructure at consulting firm Cardno. Previously he was the Regional Manager Gippsland for SMEC Australia and the independent director for Greater Eastern Primary Health for many years. He has also been involved in community theatre across Gippsland, including serving on committees in a range of positions.

Stephen is a Fellow of Engineers Australia and has held the status of Chartered Professional Engineer since 1992. In 2006 Stephen completed the AICD Company Directorship Diploma with an Order of Merit. He has experience in management, business planning, strategic development, financial management, human resources and corporate governance. He also has expertise in the areas of asset planning, construction and capital works.

Carolyne Boothman
Board Director

Bachelor of Education (Primary), Graduate Certificate of Religious Education

Board Director since February 2010; Member of the Board Quality & Safety Committee and Board Community Investment Committee.

Carolyne has been a member of the Gippsport Board of Management for more than 20 years. She is Chair of the Morwell and Districts Community Recovery Committee, which has worked closely with all levels of government following the bushfires and Hazelwood Mine Fire of 2014. In October 2017, Carolyne also became Chair of the Hazelwood Health Study.

Carolyne is an appointed community representative to the Community Advisory Committee for the Hazelwood Health Study. She has lectured at Monash University in music and sport. Carolyne is currently teaching at Newborough Primary School, leading Health and Physical Education, implementing the Literacy Professional Learning teams, as well as the Respectful Relationships Program. She has a passionate interest in health, fitness, music and community development.

ORGANISATIONAL STRUCTURE

Ben Leigh
Chief Executive Officer

MPubPolMgt, BAppSc, GAICD, FAIM

Rachel Strauss
Executive Director
Primary Health

BN, Member ACHSM, Member AAPM

Portfolio
Infection control
GP and MBS development

Site responsibility
Melbourne CBD, Bundoora, Traralgon and Sale

- Manager, Primary Intervention
- Medical Director
- Manager, Ambulatory Care
- Manager, Dental Services

Vince Massaro
Executive Director
NDIS Services

BA, GradDipSocWelf

Portfolio
NDIS sites

Site responsibility
NDIS sites

- Manager, LAC (Central Highlands)
- Manager, ECEI (Central Highlands)
- Manager, LAC (Barwon)
- Manager, LAC (Wimmera South West)
- Manager, ECEI (Wimmera South West)
- Manager, LAC (Inner East Melbourne)
- Manager, LAC (Outer East Melbourne)
- Manager LAC (Inner Gippsland)
- Manager, LAC (Ovens Murray)

Rick Davies
Executive Director
Corporate

BBus(Acc), GradDipOpMgt, CPA, Company Directors Diploma

Portfolio
Chief Financial Officer
Disaster recovery

Site responsibility
Morwell and Moe

- Manager, Accounting Services, Sourcing and Procurement
- Manager, Client Reporting and Records
- Manager, Fleet and Facilities
- Manager, Client Services
- Senior Manager, People, Learning and Culture
- Senior Lecturer, Placement, Education and Research Unit
- Manager, Information and Communication Technology
- Manager, Marketing and Communications
- Manager, Governance

Alison Skeldon
Executive Director Community Support and Connection
Executive Director Assessment, Aged & Disability Services (Acting)

GradDipBusIT, AssocDipWelf, Member ACHSE

Portfolio
Koorie Engagement

Site responsibility
Churchill and Bairnsdale

- AOD and Counselling
- Connected Communities
- Youth and Primary Prevention
- Regional roles

Portfolio
CALD & Diversity
GAIS (Interpreting Service)

Site responsibility
Wonthaggi and Warragul

- West Victorian Aged Care Services
- East Victorian Aged Care Services
- Disability and Carer Programs
- Gateway

BOARD ATTENDANCE

DETAILS OF ATTENDANCE BY BOARD DIRECTORS AND INDEPENDENT BOARD COMMITTEE MEMBERS OF LATROBE COMMUNITY HEALTH SERVICE AT BOARD, BOARD AUDIT & RISK COMMITTEE, BOARD QUALITY & SAFETY COMMITTEE, BOARD GOVERNANCE COMMITTEE AND BOARD NOMINATIONS COMMITTEE MEETINGS HELD DURING THE PERIOD 1 JULY 2017 – 30 JUNE 2018, ARE AS FOLLOWS:

The Board Community Investment Committee did not meet during the 2017-18 financial year.

BOARD MEETINGS												
Board Directors	Board		Audit & Risk Committee		Quality Safety Committee		Governance Committee		Nominations Committee		Community Investment Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
Mark Biggs	11	11	-	4^	-	4^	4	4	-	-	-	-
Peter Wallace	11	11	3	3	1	1	3	3	5	5	-	-
John Guy	11	10	-	-	-	-	4	4	-	-	-	-
Judi Walker	11	11	-	-	4	2	4	2	-	-	-	-
Carolyne Boothman	11	10	-	-	4	4	-	-	-	-	-	-
Stephen Howe	11	11	1	1	3	3	-	-	5	3	-	-
Nathan Voll	11	11	4	4	-	-	-	-	-	-	-	-
Placido Cali	8	7	3	3	-	-	-	-	-	-	-	-
Joanne Booth	7	7	-	-	2	2	-	-	-	-	-	-
Peter Starkey	3	2	1	0	-	-	1	-	-	-	-	-
Independent/consumer representatives												
Ron Gowland	-	-	4	3	-	-	-	-	-	-	-	-
Maria Dalton	-	-	4	4	-	-	-	-	-	-	-	-
Allison Higgins	-	-	-	-	4	4	-	-	-	-	-	-
Rosemary Parker	-	-	-	-	3	3	-	-	-	-	-	-
Angela Hutson	-	-	-	-	-	-	-	-	5	5	-	-

NOTES:

Column A: Indicates the number of meetings held while board director/committee member was a member of the board committee.

Column B: Indicates number of meetings attended.

^ Board Chair will on occasion attend Board Committees ex-officio

STRATEGIC PLAN KEY ENABLERS

PUTTING OUR PLAN INTO ACTION

We are acutely aware our success in implementing the new strategic plan rests on having the right people, systems and processes in place. For this reason, our 2017-18 financial year activities focused on these areas, laying the foundations for future success.

During the development of the strategic plan, two key enablers were identified. These are a focus on the ongoing delivery of service excellence to Latrobe Community Health Service clients, and internal organisational factors.

Activities that address these areas will ensure we build an organisation, culture and workforce that focuses on the delivery of excellence to clients at all times. In turn, this will allow us to achieve our strategic priorities.

SERVICE EXCELLENCE

There are many examples of service excellence across Latrobe Community Health Service. However we wish to be more deliberate and consistent in achieving this. In order to better coordinate our work, and to empower our workforce to provide consistent, quality services to clients, we have appointed a service excellence officer.

The service excellence officer is responsible for ensuring our insights about our clients are translated into specific improvements in how we provide healthcare. This could include better integration of our services, improved training and support for staff, or help implementing innovative ideas.

An important aspect of this new role is fostering collaboration and creative thinking across Latrobe Community Health Service. We recognise that in any modern organisation, innovation cannot be considered an optional extra. It must be embedded as a mindset for all staff.

Offering education and training to our workforce is another key strategy for ensuring high quality service provision. More than 3,500 instances of training occurred internally and externally in 2017-18. In addition, staff completed more than 6,800 online Latrobe Community Health Service training modules.

Latrobe Community Health Service made the decision to move orientation online in 2018, to ensure consistency of training across Victoria, and to improve access to training for staff at remote sites. Staff are now issued with earphones and are able to work through the orientation modules at their own pace. They can also easily refer back to tutorials for our various systems at any time. Staff have embraced this new approach.

The increased focus on training and development is reflected in our recruitment and funding to support this area. We have hired a training and development coordinator, a client services training and development officer and workplace trainers for each of our NDIS local area coordination service areas. In addition, the organisation's training and development budget increased by 53 percent from the previous financial year.

INTERNAL ORGANISATIONAL FOCUS

To support the successful implementation of our strategic plan, we will require key internal activities that focus on improving organisational processes, structures and technology. These activities will support us to grow in response to our strategic priorities.

The most important of these is to continue workforce planning to enable our staff to develop with the organisation. After conducting team workshops, one-on-one meetings, industry research and government reform analysis, the Latrobe Community Health Service workforce plan was delivered in March 2018.

The plan outlines the key challenges and opportunities for developing a robust community health workforce for the coming years. It lays out a clear path for recruitment and retention that matches our aspirations as outlined in the strategic plan.

The research component of the workforce plan revealed a number of challenges.

Because of our growth over the past 18 months - our workforce has nearly doubled - almost three quarters of staff have been employed with Latrobe Community Health Service for less than three years. This means there is a lack of corporate memory and experience to draw on, particularly at our newer sites.

This is offset to some extent by the demographic profile of the current workforce. One third of the existing Latrobe Community Health Service workforce is aged 50 years and over; more than 20 percent is aged 55 years and over. This is a tremendous asset, as those staff are experienced and hold considerable corporate knowledge. However we need to ensure we have a strong and growing younger workforce that benefits from the transfer of that experience.

Recruitment of staff with specialist clinical skills will continue to be a priority – specifically those of GP Fellows, dentists, psychologists, case managers, service coordinators, intake officers, family violence counsellors, allied health professionals and allied health assistants.

Our future workforce as a whole will need new skills. A high level of digital literacy is required in almost every role. Financial and budgeting capability will be vital. This is especially true of areas such as aged care, which is moving to a consumer-directed care model. Similarly, our frontline staff need to be comfortable talking about the merits of our services, recognising this can lead to new clients through word-of-mouth referrals. And lastly, our staff need to be comfortable with change and innovation, working across program and directorate boundaries to find new ways to deliver high-quality integrated health services.

Fortunately, our existing staff are highly capable in many of these areas. However we need to continue to build our overall workforce capacity in the coming years. This is reflected in our recruitment, and our training and development plans.

Internal communications is another organisational process that was reviewed in 2017-18. Organisational growth (both in the number of staff and the number of sites) means clear and consistent sharing of information is more important than ever. Strong internal communication builds a shared understanding of the organisation's broader goals and strategy, as well as its day-to-day operations. When employees have a shared understanding of these, employee engagement lifts and the organisational culture is strengthened.

We have a good base to work from. The review found more than half of staff rated internal communications as either 'excellent' or 'very good'. There was an exceptional level of understanding of the organisation's policies and procedures (95 percent of staff reporting 'reasonable' or 'high level' of understanding) and the organisation's values (99 percent).

The review recommended the appointment of a dedicated internal communications adviser, as well as increasing the frequency of staff newsletters and manager updates to program areas. These recommendations will be implemented in the next financial year. The intranet was also identified as an important information source, and will undergo a major update in 2018-19.

The new strategic plan places a strong emphasis on using technology to streamline our processes and support growth. Our Information, Communication and Technology (ICT) team is undertaking a range of work in this area.

For example, during the year we expanded remote access to our business systems to better support more of our mobile staff. This allows them to securely access client details and organisational finance systems from wherever they are working, rather than having to wait until they return to the office. It also allows ICT staff to support them remotely.

In addition, the ICT team also replaced traditional wide-area network (WAN) services with national broadband network (NBN) services wherever possible. This provided comparable network performance, far easier setup and a 70 percent cost saving. This is an important development.

As the number of Latrobe Community Health Service offices has increased, so too has our use of videoconferencing. Many meetings now involve videoconferencing. It has improved staff communication and engagement over large distances, and improved access to services for our clients.

Strategic Priority One

Focus on primary and community health services within Gippsland

PROVIDING HEALTH SERVICES IN THE COMMUNITY

The first strategic priority of the new strategic plan acts as a commitment from Latrobe Community Health Service to Gippsland: we want to grow and improve our services in the region where we started. The organisation has grown rapidly in Victoria over the past two years, but the health and wellbeing of Gippslanders remains central to our purpose.

This is borne out in the expansion of our key primary health services. For example, we now have a doctor based at Kurnai College and Traralgon Secondary College for half a day every week. Students can book private, confidential appointments via text message, and the doctor can support them with guidance on general health, sexual health, mental health and wellbeing, and drug and alcohol use.

Our dental team has also been involved with school outreach. We have visited 27 schools in the Latrobe region to provide grade one children with a dental screening and a fluoride varnish application. This initiative, funded by Latrobe Health Assembly, enabled 453 children to receive help. In the next financial year we will return to these 27 schools to provide a second screening, a second fluoride application and assess the effectiveness of the first application of fluoride. Children who were not seen in the first visit will also have the opportunity to start treatment.

In 2017-18, the 'Nurses in Schools' program commenced at a primary school in Morwell.

This involves basing a community outreach nurse at the school to help improve the overall health outcomes of children and families, particularly focussing on the most vulnerable children.

In practical terms, this includes head lice treatment and education for children and their parents, dental checks and follow-up where needed, connecting children and families with other relevant health services, and running a protective behaviours program. This 10-week program aims to support children to reduce aggressive and challenging behaviour.

The Latrobe Health Assembly and the school jointly funded the 'Nurses in Schools' program. The model has been well-received and will expand to a further three schools in Latrobe in the coming financial year.

Our allied health services also continued to grow in 2017-18, with hours of service to the Latrobe community growing eight percent compared to the preceding financial year.

BUSINESS DEVELOPMENT MANAGER

The development of community and primary health service offerings - both in Gippsland and elsewhere in Australia - is a major part of the new strategic plan, and is a substantial undertaking. It demands a detailed understanding of the external environment and an ability to identify new opportunities.

To this end, Latrobe Community Health Service has appointed a business development manager to provide this expertise. This new role involves identifying business opportunities, including expansion and improvement of existing business, new business, mergers and acquisitions, and partnerships.

The business development manager identifies opportunities for the business, leads the development of our tenders and submissions, writes business cases, and supports implementation and evaluation.

Both the business development manager and service excellence officer roles were created to hold substantial responsibilities in the delivery of the strategic plan. The successful appointments to these roles provide a welcome boost to our implementation.

Strategic Priority Two

Grow our organisation to deliver services across Australia

The second priority of the new strategic plan is growing the services Latrobe Community Health Service delivers across Australia. We believe our health expertise, along with our standing as a secular, not-for-profit provider, places us in a strong position to achieve this.

The growth is not without purpose. It diversifies our revenue and helps create a more robust organisation that is less exposed to the risks inherent in fewer funding streams. It also allows us to reinvest in the communities we serve, providing high-quality health services that remain affordable.

In 2017-18, the main growth areas for Latrobe Community Health Service were National Disability Insurance Scheme (NDIS) local area coordination and aged care services - in the form of home care packages.

In the past 12 months we have added more than 400 staff and 32 new office locations throughout metropolitan Melbourne and regional Victoria to provide local area coordination as an NDIS partner.
These areas are:

- Inner East Melbourne
- Outer East Melbourne
- Inner Gippsland
- Ovens Murray
- Barwon
- Wimmera South West

Our role as a local area coordinator for the National Disability Insurance Agency is to work alongside people with a disability, their families and carers to plan the mix of supports that will allow them to meet their goals and aspirations.

Latrobe Community Health Service also provides Early Childhood Early Intervention (ECEI) services for the NDIS in Wimmera South West and Central Highlands. The ECEI approach is designed to support children with developmental delay or disability and their families to achieve better long-term outcomes through support services in their local community.

During this time we have helped nearly 15,000 people prepare their NDIS plans. We have held almost 1,000 information sessions to introduce local communities to the NDIS, and to explain how people can access it. Through the Early Childhood Early Intervention service, 1,247 children have received early intervention support.

Demonstrating we are a proven, respected and experienced provider of local area coordination services, in May 2018 we were pleased to secure two additional NDIS service areas: Southern Melbourne and Outer Gippsland. Planning is well underway for these additional areas, and rollout will be completed in the coming financial year.

Another area of growth for Latrobe Community Health Service was in the provision of home care packages. A home care package is a government-funded package of care and services to help people over the age of 65 live independently in their own home for as long as possible.

In February 2017 the Federal Government implemented wide-ranging reforms to home care packages. Funding - and any decision on how that funding is spent - now sits exclusively with the recipient of the home care package, rather than with the service provider. Eighteen months later, the aged care sector is still working through the full implications of the move to a more open market environment.

Latrobe Community Health Service is strongly placed, having delivered home care packages and other aged care services in Gippsland for more than 20 years. We also provide home care packages in Hume, the Grampians and the eastern suburbs of Melbourne.

To strengthen awareness of Latrobe Community Health Service, in March 2018 we commenced a ten-month advertising campaign in eastern Melbourne. The campaign uses a mix of outdoor advertising, unaddressed mail drops and newspaper advertising. The central theme is 'Home is where the heart is - stay there longer'. The campaign complements the work of our community liaison officer, who is working to build strong community relationships in eastern Melbourne. The advertising will run until December 2018, when the full campaign will be evaluated.

To further support our growth in aged care services, in 2018 we recruited two new aged care services regional managers to manage our programs in the west and east of Victoria. This reflects our organisation's ongoing commitment to supporting our aged care services staff in delivering outstanding customer service for our home care package clients.

In 2017-18 our overall number of home care package clients increased by 47 percent from the previous financial year. This is a strong result. We will continue to refine our services in this area in order to grow further and continue to improve what we do.

Overall, the growth in our provision of NDIS partner services and aged care services over the 2017-18 financial year has improved our ability to work at scale across large distances, and positions us well for future growth beyond Victoria. This is something we will be actively pursuing over the duration of the strategic plan.

Strategic Priority Three

Innovate to improve client outcomes

THE GROWING ROLE OF TECHNOLOGY

Community health services that have operations in regional areas have a lot to gain from the use of technology. In 2015, we introduced an online booking appointment system so our clients could book an appointment with the doctor at any time, even in the middle of the night. Since then Latrobe Community Health Service has continued to investigate how else we can use technology to better help our clients.

In 2017-18 we delivered a range of innovative services with technology at their core. Whether transitioning to a digital workflow or linking patients to specialists via videoconferencing, our aim was to reduce the need for travel and provide timely services to people with chronic health conditions.

Twenty-eight clients were linked in via videoconferencing with a psychologist at our GP clinic at La Trobe University Medical Centre in Melbourne, as part of our psychological therapies for under-serviced groups. The clients in Gippsland attended our Morwell centre. With the help of a staff member, they connected with the psychologist via video conference. This meant they were able to access specialist health support much sooner, and spent less time waiting for an appointment. They also avoided travelling a long distance to see a specialist.

We have taken a similar approach to improve our dental health services and better serve our communities. We have adopted a range of innovative technologies in our daily dental practice, with the aim to achieve the best possible therapeutic outcomes for our clients. In 2017-18 our video dentistry service saw 18 clients receive advice and treatment planning from oral health care specialists in Melbourne without needing to travel.

Teledentistry connects the client and clinician with a specialist at the Royal Dental Hospital of Melbourne (RDHM). The appointment is booked for the client to attend a Latrobe Community Health Service dental clinic, where we then connect with the specialist. Our clinician helps to facilitate the discussion between the client and specialist and provides additional information during the appointment, such as images or measurements, without the patient needing to travel to Melbourne.

Teledentistry is also a great way to upskill our clinicians. They gain confidence in diagnosing and treating complex cases, such as cancerous lesions or impacted teeth.

Our dental team has also gone completely paperless, meaning our patient files and dental imagery are stored securely within a digital system. This digital streamlining has allowed staff to search quickly for relevant dental information, view patient history at the click of a button, update existing files and transfer digital records without losing information. Overall, the new system means our dental staff can treat patients more effectively and efficiently.

Patients in need of complex dental procedures have benefitted from the introduction of intraoral scanners, which allow our clinicians to capture and record all areas of the inside of the mouth and view these images clearly on a computer screen. The scanners are small and built to fit comfortably inside a client's mouth, as opposed to the manual impression-taking process, which can be difficult

and uncomfortable. The scanners allow for better communication between our dental team and clients, as they can discuss diagnoses and the necessary procedures while viewing the images together. Our dental team can also complete custom dental restorations using this digital workflow.

Our dental patients are much more active in their treatment planning and decision making, and are safer, thanks to the introduction of digital x-rays. Digital x-rays support our dental team to diagnose conditions and communicate this to patients via computer monitors. Our clinicians can demonstrate exactly what they are referring to when discussing patients' oral health.

Our dental prosthetic team has also invested in a denture injection system as part of the new laboratory at Churchill. The fully-automatic system means clinicians and technicians are no longer exposed to irritants during the manufacturing process, and patients aren't exposed to residual irritants when wearing their completed dentures. Staff members are reporting less material wastage and consistent, quality results, while patients are experiencing a comfortable fit thanks to their denture's stable dimension and glossy surface finish.

Introducing these innovative technologies into our dental health services has led to faster results and better treatment planning for our clients, restoring their smiles and confidence sooner.

INNOVATIVE PROGRAM DESIGN

Innovation is not always tied to technology. Often it involves looking at an old problem in a new way. Our new strategic plan seeks to create a 'safe to fail' culture, where staff are encouraged to trial and evaluate new ways of improving client outcomes.

One such innovation was the trial of an ecotherapy program for some of our clients who are dealing with substance abuse.

Exposure to nature, social engagement, increased exercise and taking part in meaningful, therapeutic activities have collectively been shown to improve mental health and wellbeing. There is a growing body of research that demonstrates the conclusive links between someone's engagement in nature-based, group activities and their improved mental health.

In response to this, Latrobe Community Health Service decided to trial an ecotherapy program, which would be available for current clients engaged in alcohol and other drug treatment. We wanted to give them the opportunity to experience nature in a facilitated group setting, where they could reconnect with nature and learn therapeutic mindfulness techniques. We were also hopeful the experience would create a peaceful memory, or a safe place, which the clients could call upon in any future times of distress. Further, we wanted to show our clients how they could overcome moments of distress without the use of alcohol or other drugs.

Our six-month trial ran from November 2017 through to May 2018, during which time we delivered six single-day programs that involved 25 clients, some of whom participated twice. Overall, we delivered 31 episodes of care.

More than just a bush walk, each ecotherapy program began with a brief meeting before the group set off on a local walking track, where they embraced the beauty of nature and practised mindfulness. The group facilitator would guide participants to reconnect to their senses and consciously think about what they saw, heard, touched and smelled.

The group also practised breathing techniques for relaxation.

Each participant completed a psychometric test before and after their involvement in the program, along with an anonymous program evaluation. Overall, participants reported significant improvements in their psychological state, physical health and quality of life after completing the program.

The ecotherapy program has provided clients with a fun, empowering and engaging activity that involved real obstacles and worked to improve mental health. It also broadened participants' perspective about self, their future and their ability to socialise without the use of alcohol and other drugs.

Looking forward, Latrobe Community Health Service hopes to deliver the ecotherapy program on a more regular, permanent basis, in addition to our existing clinical-based therapies. Our goal is to expand the program, delivering it across three local government areas, and offer more challenging tracks and overnight expeditions. We will also investigate how to improve our evaluation process, so we can follow up with clients three months after their participation.

Strategic Priority Four

Use evidence-based outcomes to drive improvement across services

EVIDENCE-BASED IMPROVEMENTS

Central to providing excellent service to our clients is understanding their needs and wants, and understanding what health interventions work best. Over 2017-18, Latrobe Community Health Service undertook more than 16 separate pieces of research to better understand the experience of our clients, and how we could improve. This included client surveys, feedback forms, client interviews and market research.

As a result of this feedback, we made changes such as:

- Improving access and wayfinding to better support NDIS participants visiting our sites.
- Introducing reminder phone calls and text messages for clients accessing our children's services. This has improved the participation rate.
- Changing the taps at Mayfair House, our respite accommodation, to a push/pull mechanism after some clients reported struggling with twist taps.

Hundreds of similar improvements were made over the year. Many of those improvements are small, but that's the point. As an organisation we are committed to going the extra distance to improve the experience of our clients.

Other aspects of our research related to program effectiveness. In 2017-18 we evaluated the Latrobe Community Health Service Integrated Health Promotion Initiative.

This program involves working with schools, workplaces and the community to build their capacity to act on and improve health and wellbeing. Significant changes were made to our engagement approach as a result of reflective practice and learnings from previous evaluations. This change resulted in our primary prevention team taking a more active approach in promoting our school and workplace programs, with a stronger focus on building relationships with key people at those organisations. Through this, we learned more about their organisational drivers for health change.

In turn we were able to better customise our support to meet those needs, using strategies such as linking schools and workplaces to available grants, and building networks for them to share ideas with like-minded organisations.

There are a range of health service providers responsible for drug and alcohol treatment in Gippsland.

Collectively, this network of providers is called Gippsland Alcohol and Other Drug Catchment-based Planning. This group

supports service providers to work in partnership, identify critical service gaps and to develop strategies to improve the service system. One of its functions is to routinely collect data to build a better picture of the community demand for drug and alcohol services, and compare this to what is actually being provided.

The collected data is discussed at each governance group meeting, along with recommendations for improvement. This ensures that along with our partners, Latrobe Community Health Service is responding to community service needs in an agile manner.

Despite this existing body of research and evaluation work, the new Latrobe Community Health Service strategic plan places an even greater emphasis on collating and analysing evidence to inform better decision making.

Increasingly, funding for activities in the health sector will be linked to outcome measures, rather than to historical levels of demand.

This means we need to develop the capability to illustrate our effectiveness in achieving client and organisational outcomes. Furthermore, in a culture of quality and safety, transparency around client outcomes is a positive step toward achieving service excellence. To help with this, we have appointed a research and evaluation officer.

This role has been created to develop our organisational capability to measure client and organisational outcomes. The research and evaluation officer is leading research at Latrobe Community Health Service to identify what client outcomes we want to achieve, so that these can be used to drive service improvement.

Over the coming financial year, the research and evaluation officer will work with the executive team, program managers and staff to build organisational capability to develop outcome measures for client services and internal processes by expanding the available evidence base.

The research and evaluation officer will also have a role in assisting with program and service evaluation methods and analysis, working alongside the service excellence officer to enhance the overall experience for individual clients and the wider community.

Our volunteers

IN 2017-18, LATROBE COMMUNITY HEALTH SERVICE HAD 136 ACTIVE VOLUNTEERS WHO CONTRIBUTED 24,354 HOURS OF WORK, WORTH ABOUT $876,744 TO OUR ORGANISATION. THAT IS AN IMMENSE CONTRIBUTION.

Without our volunteers, some programs may not be able to run and some of our clients wouldn't be able to attend appointments or participate in planned activity groups.

Our volunteers provide transport, help out in group-based activities and community events, drive buses, cook meals and visit palliative care patients. We also have young volunteers involved with headspace Morwell and a group of people who make buddy bears for children who may have experienced trauma, or who feel scared about visiting the doctor or dentist.

Our volunteers help to maintain a Grow Hope garden as part of our Therapeutic Day Rehabilitation program. We also have people who volunteer to be simulated patients for student placement and training. Others help out with administration duties, distributing dental information to local schools and assisting our Health Promotions team.

Our 2018 Volunteer of the Year was awarded to Allan Green, who contributed more than 1,000 hours of his time in just one year.

Allan joined Latrobe Community Health Service as a volunteer in April 2015, and since then has supported our planned activity groups; transported clients locally and to the city; helped out with community events and supported his wife Jen to make our healthy eating bags.

Allan is known to put 100 percent into everything he does and is often described as a gentleman, who is approachable and dedicated to both his role and the people he helps.

Latrobe Community Health Service volunteers are generous, compassionate towards other people, great listeners and vital in all communities; they enable people to look after their health and wellbeing and provide social interaction that strengthens mental health. We are extremely grateful to all those who have donated their time and skills in 2017-18.

YEARS OF SERVICE

FIVE YEARS

- Keith Bilton
- Elizabeth Davidson
- Glenda McPherson
- Marlene Quennell
- Cathy Trezise
- Janine Wang

Operating & financial review

LATROBE COMMUNITY HEALTH SERVICE
ABN: 74 136 502 022
DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2018.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Mark Biggs
Peter Wallace
John Guy
Judi Walker
Carolyne Boothman
Stephen Howe
Nathan Voll
Peter Starkey retired (31/10/2017)
Placido Cali appointed (31/10/2017)
Joanne Booth appointed (23/11/2017)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the company during the financial year was:

Provision of Community Health Services

Information on Directors

Mark Biggs	—	Board Chair
Peter Wallace	—	Director
John Guy	—	Director
Judi Walker	—	Director
Carolyne Boothman	—	Director
Stephen Howe	—	Director
Nathan Voll	—	Director
Peter Starkey	—	Director - Retired 31 October 2017
Placido Cali	—	Director - Appointed 31 October 2017
Joanne Booth	—	Director - Appointed 23 November 2017
Melissa Bastian	—	Director - Resigned 12 July 2017

Meetings of Directors

During the financial year, 11 meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mark Biggs	11	11
Peter Wallace	11	11
John Guy	11	10
Judi Walker	11	11
Carolyne Boothman	11	10
Stephen Howe	11	11
Nathan Voll	11	11
Peter Starkey	3	2
Placido Cali	8	7
Joanne Booth	7	7

LATROBE COMMUNITY HEALTH SERVICE
ABN: 74 136 502 022
DIRECTORS' REPORT

The entity is incorporated under the Australian Charaties and Not-for-profit Commision Act 2012 and is a entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the entity. At 30 June 2017, the total amount that members of the entity are liable to contribute if the entity is wound up is $220 (2016: $210).

Auditor's Independence Declaration
The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 2 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Director _____
Mark Biggs

Dated this 26th day of September 2017

Dated this 25th day of September 2018

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012

To the Directors of Latrobe Community Health Service Ltd

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2018, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Rochelle Wrigglesworth
Director
GippsAudit Pty Ltd

Date: 25 September 2018
Place: Sale

STATEMENT

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $	2017 $
PROFIT OR LOSS			
Revenue	2	88,273,033	55,364,519
Other income	2	10,312,424	9,022,224
Employee benefits expense		(56,573,170)	(31,442,068)
Depreciation and amortisation expense	3	(2,707,031)	(2,018,937)
Bad and doubtful debts expense	3	(915)	(2,057)
Repairs, maintenance and vehicle running expenses		(627,772)	(427,839)
Fuel, light and power expense		(468,722)	(327,768)
Rental expense	3	(2,721,459)	(1,001,414)
Training expense		(347,108)	(226,883)
Audit, legal and consultancy fees		(706,420)	(971,882)
Marketing expenses		(449,524)	(549,696)
Client support services expense		(8,217,014)	(7,609,947)
Impairment on buildings	9	-	(195,120)
Service agreements		(1,289,431)	(866,258)
Contract labour		(3,574,526)	(4,084,652)
Sundry expenses		(8,387,106)	(4,846,919)
Current year surplus before income tax		**12,515,259**	**9,815,303**
Income tax expense		-	-
Net current year surplus		**12,515,259**	**9,815,303**
OTHER COMPREHENSIVE INCOME			
Decrement on revaluation of property, plant and equipment	9,18a	-	(486,293)
Total other comprehensive (losses)/income for the year		**-**	**(486,293)**
Total comprehensive income for the year		**12,515,259**	**9,329,010**

The accompanying notes form part of these financial statements.

STATEMENT

FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	9,407,078	9,088,199
Accounts receivable and other debtors	5	1,036,464	2,177,986
Inventories	6	205,979	185,318
Financial assets	8	26,112,380	15,002,676
Other current assets	7	3,692,170	1,495,312
TOTAL CURRENT ASSETS		**40,454,071**	**27,949,490**
NON-CURRENT ASSETS			
Property, plant and equipment	9	27,693,586	20,299,969
Capital work in progress		26,242	3,143,304
TOTAL NON-CURRENT ASSETS		**27,719,828**	**23,443,273**
TOTAL ASSETS		**68,173,898**	**51,392,764**
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	10	10,039,848	7,848,081
Employee provisions	11	5,880,135	4,182,921
TOTAL CURRENT LIABILITIES		**15,919,983**	**12,031,002**
NON-CURRENT LIABILITIES			
Employee provisions	11	1,814,095	1,490,316
TOTAL NON-CURRENT LIABILITIES		**1,814,095**	**1,490,316**
TOTAL LIABILITIES		**17,734,078**	**13,521,318**
NET ASSETS		**50,439,821**	**37,871,446**
EQUITY			
Retained surplus		38,771,177	30,598,488
Reserves		11,668,644	7,272,958
TOTAL EQUITY		**50,439,821**	**37,871,446**

The accompanying notes form part of these financial statements.

STATEMENT

CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Retained surplus $	Asset revaluation reserve $	Capital reserve $	Community projects reserve $	General reserve $	Financial assets reserve $	Total $
BALANCE AT 1 JULY 2016	**23,184,765**	**972,779**	**1,961,986**	**500,000**	**1,930,030**	**-**	**28,549,560**
COMPREHENSIVE INCOME							
Surplus for the year	9,815,304	-	-	-	-	-	9,815,304
Net (loss) on revaluation of property	-	(486,293)	-	-	-	-	(486,293)
Total comprehensive income	9,815,304	(486,293)	-	-	-	-	9,329,011
OTHER TRANSFERS							
Transfers to/(from) capital reserve	84,637	-	(84,637)	-	-	-	-
Transfers to/(from) community projects reserve	(500,000)	-	-	500,000	-	-	-
Transfers to/(from) general reserve	(1,986,217)	-	-	-	1,986,217	-	-
Transfers to/(from) investment revaluation reserve	-	-	-	-	-	(7,125)	(7,125)
Total other transfers	(2,401,580)	-	(84,637)	500,000	1,986,217	(7,125)	(7,125)
Balance at 30 June 2017	**30,598,488**	**486,486**	**1,877,349**	**1,000,000**	**3,916,247**	**(7,125)**	**37,871,445**
Balance at 1 July 2017	**30,598,488**	**486,486**	**1,877,349**	**1,000,000**	**3,916,247**	**(7,125)**	**37,871,445**
COMPREHENSIVE INCOME							
Surplus for the year	12,515,259	-	-	-	-	-	12,515,259
Total comprehensive income	**12,515,259**	**-**	**-**	**-**	**-**	**-**	**12,515,259**
OTHER TRANSFERS							
Transfers to/(from) capital reserve	(839,329)	-	839,329	-	-	-	-
Transfers to/(from) community projects reserve	(1,000,000)	-	-	1,000,000	-	-	-
Transfers to/(from) general reserve	(2,503,241)	-	-	-	2,503,241	-	-
Transfers to/(from) investment revaluation reserve	-	-	-	-	-	53,116	53,116
Total other transfers	**(4,342,570)**	**-**	**839,329**	**1,000,000**	**2,503,241**	**53,116**	**53,116**
Balance at 30 June 2018	**38,771,177**	**486,486**	**2,716,678**	**2,000,000**	**6,419,488**	**45,991**	**50,439,821**

For a description of each reserve, refer to Note 18. The accompanying notes form part of these financial statements.

STATEMENT

CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from grants and other income		95,658,192	60,843,541
Payments to suppliers and employees		(79,698,825)	(48,923,453)
Interest received		548,690	419,946
Net cash generated from operating activities	**16**	**16,508,057**	**12,340,034**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		309,871	362,642
Payment for property, plant and equipment		(7,855,516)	(5,426,491)
Payment for held-to-maturity investments		(11,109,704)	(4,002,676)
Receipts from capital grants		2,466,172	1,970,655
Net cash used in investing activities		**(16,189,178)**	**(7,095,870)**
Net increase in cash held		318,879	5,244,164
Cash on hand at beginning of the financial year		9,088,199	3,844,035
Cash on hand at end of the financial year	**4**	**9,407,078**	**9,088,199**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Latrobe Community Health Service applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 25 September 2018 by the directors of the company.

Accounting Policies

(a) Revenue

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Latrobe Community Health Service receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

Donations and bequests are recognised as revenue when received. Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax.

(b) Inventories

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential. Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and any impairment losses.

Freehold Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are

recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	5% to 33%
Motor Vehicles	10% to 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised immediately as expenses in profit or loss.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value (refer to Note 1(p)), amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit making, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy.

Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payment.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts. When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a

revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(g) Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures. They are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current liabilities.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice.

All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period.

All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(j) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

(k) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Comparative Figures

When required by accounting standards, comparative figures have been adjusted

to conform to changes in presentation for the current financial year.

(m) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates

Valuation of freehold land and buildings

At 30 June 2018 the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers in 2017 and do not believe there has been a significant change in the assumptions at 30 June 2018. The directors therefore believe the carrying amount of the land correctly reflects the fair value less costs to sell at 30 June 2018.

Key Judgements

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services.

As the company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12 month period that follows (despite an informal company policy that requires annual leave to be used within 18 months), the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

(o) Economic Dependence

Latrobe Community Health Service Ltd. is dependent on the Commonwealth and State Government including the National Disability Insurance Agency for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the Commonwealth and State Government will not continue to support Latrobe Community Health Service Ltd.

(p) Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability).

In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

(q) Rounding

Amounts in the financial report have been rounded to the nearest dollar. Figures in the financial report may not equate due to rounding.

NOTE 2 REVENUE AND OTHER INCOME

	2018 $	2017 $
REVENUE		
REVENUE FROM (NON-RECIPROCAL) GOVERNMENT GRANTS AND OTHER GRANTS		
Commonwealth government grants – operating	55,874,363	25,412,381
State government grants	25,534,733	22,943,153
Other organisations	6,121,294	6,551,855
	87,530,390	**54,907,389**
OTHER REVENUE		
Interest received on investments in government and fixed interest securities	742,643	457,130
Total revenue	**88,273,033**	**55,364,519**
OTHER INCOME		
Gain on disposal of property, plant and equipment	54,780	22,894
Charitable income and fundraising	14,042	13,581
Capital grants	2,466,172	1,970,655
Rental income	270,623	327,616
Other	668,255	546,621
Client fees	6,838,552	6,140,857
Total other income	**10,312,424**	**9,022,224**
Total revenue and other income	**98,585,457**	**64,386,743**

NOTE 3 EXPENSES

	2018 $	2017 $
EXPENDITURE		
DEPRECIATION AND AMORTISATION		
Land and buildings	598,490	366,956
Motor vehicles	504,941	427,512
Furniture and equipment	1,603,600	1,224,469
Total depreciation and amortisation	**2,707,031**	**2,018,937**
BAD AND DOUBTFUL DEBTS		
Trade and other receivables	915	2,057
RENTAL EXPENSE ON OPERATING LEASES		
Minimum lease payments	2,721,459	1,001,414
Total rental expense	**2,721,459**	**1,001,414**

NOTE 4 CASH AND CASH EQUIVALENTS

	2018 $	2017 $
CURRENT		
Cash at bank	903,398	192,158
Cash on hand	3,680	4,780
Cash at deposit	8,500,000	8,891,261
	9,407,078	**9,088,199**

NOTE 5 TRADE AND OTHER RECEIVABLES

	2018 $	2017 $
CURRENT		
Accounts receivable	961,928	2,082,742
Provision for doubtful debts	(19,624)	(18,709)
	942,304	**2,064,033**
OTHER DEBTORS		
Consumer fees	94,160	113,953
Total current accounts receivable and other debtors	**1,036,464**	**2,177,986**

(a) Provision for doubtful debts **Movement in the provision for doubtful debts is as follows:**	
PROVISION FOR DOUBTFUL DEBTS AS AT 1 JULY 2016	16,652
Charge for the year	2,057
Written off	-
PROVISION FOR DOUBTFUL DEBTS AS AT 30 JUNE 2017	18,709
Charge for the year	916
Written off	
PROVISION FOR DOUBTFUL DEBTS AS AT 30 JUNE 2018	**19,625**

NOTE 6 INVENTORIES

	2018 $	2017 $
CURRENT		
At cost:		
Inventory	205,979	185,318
	205,979	**185,318**

NOTE 7 OTHER ASSETS

	2018 $	2017 $
CURRENT		
Accrued income	1,347,301	509,062
Deposits	140,245	31,200
Prepayments	2,204,624	955,050
	3,692,170	**1,495,312**

NOTE 8 FINANCIAL ASSETS

	2018 $	2017 $
CURRENT		
Term deposits with original maturities greater than 3 months	24,000,000	14,000,000
Other financial asset - investment portfolio	2,112,380	1,002,676
	26,112,380	**15,002,676**

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

	2018 $	2017 $
LAND AND BUILDINGS		
FREEHOLD LAND AT FAIR VALUE		
Directors' valuation in 2018	2,064,839	-
Independent valuation in 2017	-	2,064,839 -
Total land	**2,064,839**	**2,064,839**
BUILDINGS AT FAIR VALUE		
Directors' valuation in 2018	15,020,457	-
Independent valuation in 2017	-	9,592,902
Less accumulated depreciation	(292,569)	(7,404)
Total buildings	**14,727,888**	**9,585,498**
LEASEHOLD IMPROVEMENTS		
Leasehold improvements at cost	3,232,582	1,305,853
Less accumulated depreciation	(673,885)	(360,559)
Total leasehold improvements	**2,558,697**	**945,294**
Total land and buildings	**19,351,424**	**12,595,631**
PLANT AND EQUIPMENT		
FURNITURE AND EQUIPMENT		
At cost	16,569,347	14,464,352
(Accumulated depreciation)	(10,254,427)	(8,650,827)
	6,314,920	**5,813,525**
MOTOR VEHICLES		
At cost	2,936,319	2,724,738
(Accumulated depreciation)	(909,078)	(833,924)
	2,027,242	1,890,814
Total plant and equipment	8,342,162	7,704,339
Total property, plant and equipment	27,693,586	20,299,969
Capital work in progress	26,242	3,143,304
	27,719,828	**23,443,274**

NOTE 9 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and buildings $	Motor vehicles $	Furniture and equipment $	Total $
2017				
Balance at the beginning of the year	13,515,462	1,622,291	5,060,452	20,198,205
Additions at cost	128,538	1,035,783	1,977,542	3,141,863
Disposals	-	(339,749)	-	(339,749)
Revaluations	(681,413)	-	-	(681,413)
Depreciation expense	(366,956)	(427,512)	(1,224,469)	(2,018,937)
Carrying amount at the end of the year	12,595,631	1,890,813	5,813,525	20,299,969
2018				
Balance at the beginning of the year	12,595,631	1,890,813	5,813,525	20,299,969
Additions at cost	7,354,283	895,307	2,106,149	10,355,739
Disposals	-	(253,937)	(1,154)	(255,091)
Depreciation expense	(598,490)	(504,941)	(1,603,600)	(2,707,031)
Carrying amount at the end of the year	**19,351,424**	**2,027,242**	**6,314,920**	**27,693,586**

Asset revaluations

The freehold land and buildings were independently valued at 30 June 2017 by Herron Todd White. The valuation resulted in a revaluation decrement of $681,413 for the year ended 30 June 2017 of which $486,293 was written back to the asset revaluation reserve to fully utilise available reserves for the respective asset class and the remaining $195,120 was taken up as an impairment on buildings expense in the statement of profit or loss.

At 30 June 2018, the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers in 2017 and do not believe there has been a significant change in the assumptions at 30 June 2018. The directors therefore believe the carrying amount of the land correctly reflects the fair value less costs of disposal at 30 June 2018.

NOTE 10 TRADE AND OTHER PAYABLES

	2018 $	2017 $
CURRENT		
Accounts payable	2,380,792	1,848,976
Deferred income	3,837,075	2,653,181
Other current payables	69,436	42,131
GST payable	78,369	354,231
Accrued expenses	1,449,573	1,669,438
Accrued salaries and wages	2,224,603	1,280,124
	10,039,848	**7,848,081**

NOTE 11 PROVISIONS

	2018 $	2017 $
CURRENT		
Provision for employee benefits: annual leave	3,834,454	2,502,351
Provision for employee benefits: long service leave	2,045,681	1,680,570
	5,880,135	**4,182,921**
NON-CURRENT		
Provision for employee benefits: long service leave	1,814,095	1,490,316
	1,814,095	**1,490,316**
	7,694,230	**5,673,237**

NOTE 12 CAPITAL AND LEASING COMMITMENTS

	2018 $	2017 $
(a) Operating lease commitments Payable – minimum lease payments:		
Not later than 12 months	2,788,361	1,480,908
Between 12 months and five years	3,898,533	2,687,115
Later than five years	967,208	1,354,256
Minimum lease payments	**7,654,102**	**5,522,279**
(b) Capital Commitments Churchill site development		
Not later than 12 months		**2,602,471**
Total capital commitments		**2,602,471**

NOTE 13 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

On 31 December 2015 the Victorian Stand-Alone Community Health Services (Health and Allied Services, Managers and Administrative Officers) Multiple Enterprise Agreement 2011-2015 expired. A new agreement has not been ratified, and negotiations have not yet been finalised. There is a potential liability of $418,206 related to staff employed under this award as at 30 June 2018.

NOTE 14 EVENTS AFTER THE REPORTING PERIOD

No material events occurred after the reporting date.

NOTE 15 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel (KMP).

The totals of remuneration paid to KMP of the company during the year are as follows:

	2018 $	2017 $
Key management personnel compensation:	1,339,450	1,093,498

This year's figures include motor vehicles and exclude grossed up salary packaging calculated for Fringe Benefits Tax purposes. Comparative figures have been restated to align with this disclosure.

NOTE 16 CASH FLOW INFORMATION

	2018 $	2017 $
Reconciliation of cash flow from operating activities with net current year surplus		
Net current year surplus	12,515,259	9,815,304
Less capital income	(2,466,172)	(1,970,655)
Non-cash flows:		
Depreciation and amortisation expense	2,707,031	2,018,937
Fair value gain on investments in held-for-trading shares		
Gain on disposal of property, plant and equipment	(54,780)	172,226
Doubtful debts expense	915	2,057
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	1,000,362	(1,594,276)
Increase/(decrease) in trade and other payables	2,892,924	3,249,209
(Increase)/decrease in other assets	(2,087,813)	134,856
Increase/(decrease) in provisions	2,020,992	540,876
(Increase)/decrease in inventories on hand	(20,661)	(28,502)
	16,508,057	**12,340,034**

NOTE 17 FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, receivables and payables, and lease liabilities. The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018 $	2017 $
FINANCIAL ASSETS			
Cash and cash equivalents	4	9,407,078	9,088,199
Loans and receivables	5	1,036,464	2,177,986
Held-to-maturity investments	8	26,112,380	15,002,676
Total financial assets		**36,555,922**	**26,268,860**
FINANCIAL LIABILITIES			
Financial liabilities at amortised cost:			
Accounts payable and other payables	10	10,039,848	7,848,081
Total financial liabilities		**10,039,848**	**7,848,081**

NOTE 18 RESERVES

(a) Asset revaluation reserve
The asset revaluation reserve records the revaluations of non-current assets (land and buildings)

(b) Capital reserve
The capital reserve records funds allocated to capital projects.

(c) Community Projects Reserve
The community projects reserve records funds allocated to future board initiatives and community Projects.

(d) General Reserve
The general reserve records funds allocated to deliver programs to the community.

(e) Available for sale financial asset reserve
The available for sale financial asset reserve records movements in share prices.

NOTE 19 RESPONSIBLE PERSONS DISCLOSURES

Board member	Related parties
Mark Biggs	Gippsland Primary Health Network
Carolyne Boothman	Gippsport
Peter Wallace	Yallambee Village
Ben Leigh	Latrobe Health Assembly

During the year revenue of $741,392 was received from Gippsland Primary Health Network, $18,521 from the Latrobe Health Assembly and revenue from Gippsport was $150. During the year $2,266 was paid to Yallambee Village.

All transactions with related parties are per normal commercial terms and conditions.

NOTE 20 ENTRY DETAILS

The registered office of the entity is:
Latrobe Community Health Service Ltd
81-87 Buckley Street
Morwell 3840
Victoria

The principal place of business is:
Latrobe Community Health Service Ltd
81-87 Buckley Street
Morwell 3840
Victoria

NOTE 21 MEMBERS' GUARANTEE

The entity is incorporated under the Australian Charities and Not-for-profit Commission Act 2012 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstandings and obligations of the entity. At 30 June 2018 the number of members was 22.

LATROBE COMMUNITY HEALTH SERVICE
ABN: 74 136 502 022
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Latrobe Community Health Service, the directors declare that:

1. The financial statements and notes, as set out on pages 3 to 17, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
   (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
   (b) give a true and fair view of the financial position of the registered entity as at 30 June 2018 and of its performance for the year ended on that date.

2. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

Director 

Mark Biggs

Dated this 25th day of September 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Latrobe Community Health Service Ltd

Opinion

We have audited the accompanying financial report of Latrobe Community Health Service Ltd ("the Entity"), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and directors' declaration.

In our opinion, the financial report of Latrobe Community Health Service Ltd is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

AUDIT & ADVISORY

In preparing the financial report, the directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of the company, would be in the same terms if given to the directors at the time of this auditor's report.

Rochelle Wrigglesworth
Director
GippsAudit Pty Ltd

Date: 25 September 2018
Place: Sale